

Testimony of Kevin S. Dietly,  
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*In Opposition to Senate Bill 384*

March 11, 2016

Chairmen Kennedy and Albis and Members of the Committee, I am submitting testimony for the record in opposition to Senate Bill 384, which would add deposits to additional beverage containers in Connecticut and earmark unclaimed deposit funds from consumers for park maintenance.

My name is Kevin Dietly and I am a Principal at Northbridge Environmental Management Consultants in Westford, Massachusetts. I am submitting comments on behalf of the American Beverage Association and its members who produce and distribute most of the refreshment beverages sold in Connecticut – teas, water, soft drinks, fruit juices and drinks, and other non-alcoholic beverages. The vast majority of our product portfolio already falls under Connecticut's forced deposit law.

I have studied Connecticut's deposit law for many years along with recycling and deposit programs around the US and globally. I am familiar with the policy issues and debates around this topic as well as the operational side of the programs, since I serve as manager of the Vermont Commingling Group and as the financial analyst for the Maine Commingling Group – both industry cooperatives that manage redemption in those states.

### **The Path Forward**

In general, we view the forced deposit system as an outdated legacy left from an era when better materials recovery systems did not exist. With the exception of Hawaii, no state has created a new deposit system in 30 years. Many states have considered it, but the environmental and economic case cannot be made for overlaying deposits over a comprehensive recycling system such as the one in place in Connecticut.

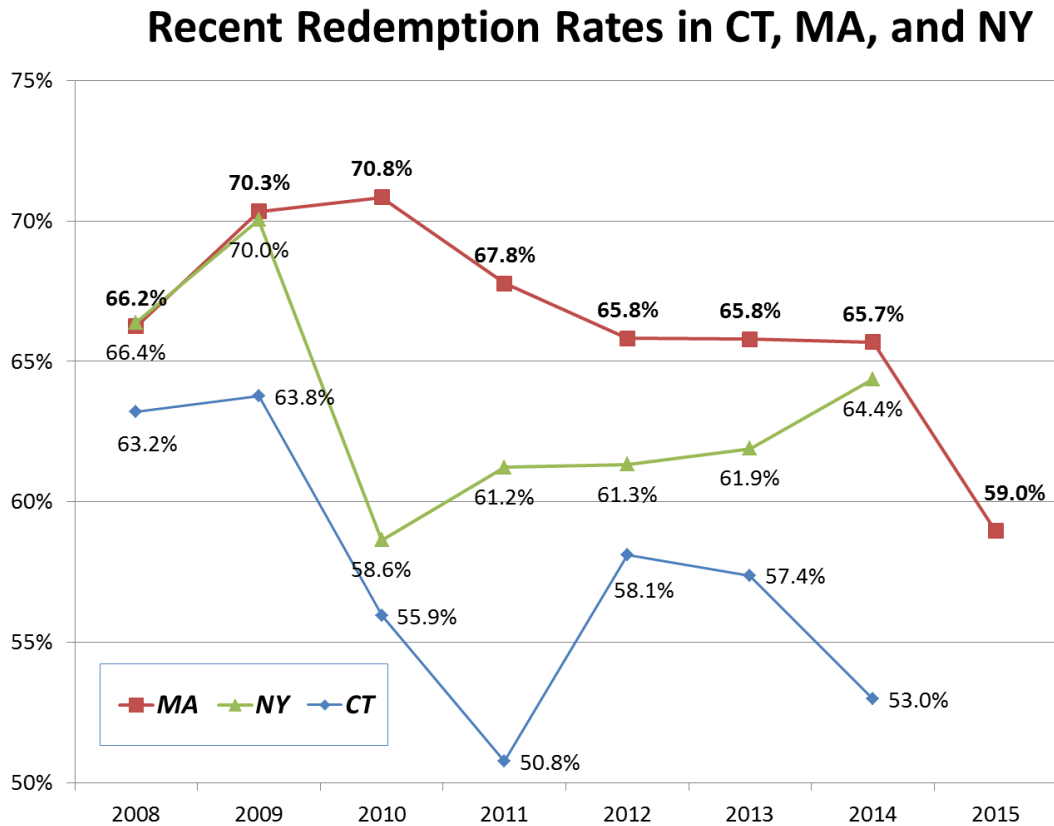
Earlier this week I testified in support of Senate Bill 312 in the General Law Committee, which would study a transition away from the deposit law and toward a statewide system of universal access to recycling. This approach follows the model of Delaware, which eliminated its deposit law in 2010 and adopted universal recycling, and the provisions of Act 148 passed in Vermont in 2012. Massachusetts' Telecommunications, Utilities, and Energy Committee is currently considering House Bill 646, which would similarly transition away from the deposit law and fund the transition to best practices in recycling statewide with a temporary fee on distributors.

Recycling systems and technology, consumer preferences, economic efficiency, and environmental benefits all make the case for a single, optimized recycling system, rather than a dual system with a costly redemption system limping alongside. When presented with the option of expanding its deposit law in 2014, nearly three in four voters in Massachusetts said, "No." Consumers want more convenience, not less, and they want better recycling programs, not underfunded ones using dated approaches and infrastructure.

Even the *Oregonian*, the largest newspaper in Oregon and a long-time champion of the state's first in the country deposit law, has editorialized twice in the last year that it is time to phase out the law.

Connecticut's redemption rate is the lowest of the ten deposit states in the US at 53 percent in 2014 (Exhibit 1) and running at a 12-month average of 52 percent through the third quarter of 2015. Expanding the law further amounts to a hidden tax on consumers.

*Exhibit 1*



## The Wrong Direction

Senate Bill 384 doubles down on forced deposits even as the winds of change are blowing in the opposite direction. Our opposition is rooted in two basic positions:

- Any expansion of the deposit law adds to the high cost and inefficiency inherent in the deposit system.** The system is inefficient and inconvenient because each container must be handled individually by consumers and redemption sites, transported to special locations for return instead of recycled at home or work, processed through costly machines or, more likely with these containers, by hand, collected by trucks on special routes to pick up these products, and then processed in facilities separate from existing recycling infrastructure. All of that special handling means more cost, more time, more burdens to business – all to recover a nearly worthless commodity – glass.

Furthermore, experience in Maine (deposits on wine and liquor) and Vermont (deposits on liquor) indicates that these containers are, by far, the most costly to redeem. The Vermont Department of Liquor Control has repeatedly testified to the burdensome cost of the program and has petitioned the legislature numerous times for relief from the onerous requirement to have deposits on these containers. Nearly all of these bottles must be redeemed manually and stored in cardboard cases for counting and transport to processing sites. The stacks of empty boxes take up enormous amounts of space and the time spent per container far exceeds that for containers currently in the system.

- **The continued use of the forced deposit system as a revenue measure to fill state budget gaps is not sound environmental policy.** One thing that the proponents and opponents of deposit laws CAN agree on is that unclaimed deposit revenue needs to be used in the operation of the redemption system. Systems in California, Hawaii, Oregon, Vermont, Iowa, and, to a certain degree, Michigan and Maine all direct unclaimed revenues into offsetting operating costs of the systems. But for nearly half of the deposit containers purchased in Connecticut, the deposit amounts to nothing more than a 5¢ container tax.

The forced deposit law is an idea whose time has come and gone. Using the law to plug budget gaps is not good public policy, environmental policy, or economic policy. I encourage you to reject SB 384 and ask instead how a more forward-looking approach to improving recycling would reap much greater environmental and economic gains for the state.

Thank you very much for the opportunity to register our views.